The turmoil in the global economic system has placed defense budgets under scrutiny in many European countries, and responses have been varied. We examine recent developments in the five major European defense spenders:

**Cutting Back:**
Italy and Spain will both experience considerable decreases in their defense budgets in 2009, with cuts of 6.9 (€1.1bn) and 3.9 (€0.3bn) percent, respectively. In addition to the global economic crisis, increased personnel and operational deployment costs have driven a reconsideration of force structure and deployment patterns.

**Holding Steady:**
The French parliament recently approved a draft defense planning law for 2009-2014 of some €230bn, including an average annual increase of €1.8bn. Yet, any real term increases will not materialize until 2012. As an exception special funds of €1.5bn are budgeted to avoid a cannibalization of acquisition spending through higher than anticipated operations and maintenance (O&M) budgets.

**Resisting the Pressure:**
The defense budgets of Germany and the UK appear to be resilient to outside pressures. The German budget for 2009 currently includes an increase of €1.6bn for defense, or 5.6 percent. Similarly, the UK’s 2009 defense budget will increase by £1.6bn, or 4.7 percent compared to 2008.

Looking Beyond 2009:
Regardless of the budgeting decisions made for 2009, adequate long-term defense funding remains a key issue for all European countries. Many European militaries are facing pressures in the O&M sector brought on by heavy use of ageing equipment in international operations. In addition, most countries are finding that key acquisition projects, such as the UK’s Queen Elizabeth class aircraft carriers and the FRES armored vehicles program, had to be postponed, meaning that critical capabilities will be fielded with delays.

While a re-examination of defense budgets in light of the global economic crisis is understandable and some cuts must be made right away, greater scrutiny and a re-prioritization towards defense investment is also in order.

- Joachim Hofbauer and Guy Ben-Ari